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MUNICH, GERMANY

June 25, 2001

**Via Fax and Federal Express**  
**Confidential Settlement Document**

Matthew Cohn, Esq.  
US Environmental Protection Agency  
Region 8  
Legal Enforcement Program  
999 18<sup>th</sup> Street  
Suite 300  
Denver, CO 80202-2466

Subject: Export Plant Buildings – Libby, MT

Dear Mr. Cohn:

On behalf of W. R. Grace & Co., I wish to respond to your letter of May 10 seeking input from various parties regarding their “needs” relating to work being performed by Grace under the EPA Unilateral Administrative Order pursuant to 42 U.S.C. §9606. I consider this letter to be a communication of a settlement offer, and as such, is to be kept confidential and not to be disclosed to other persons without Grace’s consent.

Since EPA has already declared the buildings cleared of asbestos under applicable standards and procedures mandated in Grace’s workplan and in EPA regulations, Grace does not accept EPA’s unsupported assertion that the buildings “still contain significant amounts of contamination that requires further cleanup”.

In addition, Grace has repeatedly warned EPA that allowing work to be performed to the satisfaction of 3rd parties would lead to exactly this situation - where other parties are seeking to manipulate the process consistent with their interests, and that the stated goals of EPA in issuing the UAO are rendered subordinate to such interests. Such a situation was bound to create a process that is both arbitrary and wasteful.


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Notwithstanding the above concerns, and reserving its rights to object to any work undertaken or any costs incurred or to be incurred under the UAO, Grace replies to your inquiries as follows:

1. The buildings are cleared of asbestos. Grace has submitted a restoration plan to EPA that is consistent with Grace's obligations under the UAO and the law. Should the parties desire to demolish the buildings for aesthetic or economic reasons, Grace offers to demolish the buildings and dispose of the debris, under the UAO, on the condition that Grace is released, indemnified, and held harmless by the City of Libby and Millwork West for taking such actions.
2. Grace has submitted a draft restoration plan to Mr. Peronard. This plan contains the details responsive to your second question. I will obtain a copy of the draft plan for you at your request.
3. If Millwork West agrees that the buildings should be demolished, it must agree to surrender its interests in the City's property, such as they are. Millwork West should strike its own agreement with another landlord or purchase its own site. Grace offers to dismantle and move the planer parts from the planer building to a location designated by Millwork West within 5 miles of the Export Plant property. This will be accomplished no later than 30 days after agreement is reached, and, like the demolition, will be work to be performed under the UAO. Grace will not be responsible for reassembling such equipment, nor will Grace be liable to anyone for any damage caused to the planer in the course of such work performed by Grace. The City of Libby and Millwork West must hold Grace harmless and indemnify Grace for any damage caused in the course of such work.

We hope that our responses to your inquiry assists EPA in its attempt to resolve the final stages of the UAO. We look forward to meeting soon with EPA on this matter as well with regard to other outstanding issues.

Sincerely,



David M. Cleary  
SC Bar Application Pending

DMC:dmc  
Cc:  
Alan Stringer  
Ken Lund, Esq.  
Robert Emmett, Esq.